HOUSE No. 1018

The Commonwealth of Massachusetts

PRESENTED BY:

John F. Quinn

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act relative to coverage for insurance losses by windstorm and hail through the Massachusetts Property Insurance Underwriting Association.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
John F. Quinn	9th Bristol
F. Jay Barrows	1st Bristol
Stephen R. Canessa	12th Bristol
Bruce E. Tarr	First Essex and Middlesex
Marc R. Pacheco	First Plymouth and Bristol

[SIMILAR MATTER FILED IN PREVIOUS SESSION SEE HOUSE, NO. 1062 OF 2007-2008.]

The Commonwealth of Alassachusetts

In	the	Year	Two	Thousand	and	Nine

AN ACT RELATIVE TO COVERAGE FOR INSURANCE LOSSES BY WINDSTORM AND HAIL THROUGH THE MASSACHUSETTS PROPERTY INSURANCE UNDERWRITING ASSOCIATION.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

- 1 SECTION 1. Section 1 of chapter 175C of the General Laws, as so appearing in the 2004 Official Edition, is
- 2 hereby amended by inserting in line 9 after the word "commissioner" the following: and insurance coverage against
- 3 direct losses to property, both residential and commercial, as a result of windstorm and hail as a separate, stand-
- 4 alone policy, filed with and accepted by the commissioner, and insurance coverage against direct loss to property
- 5 excluding wind and hail coverage as defined and limited in the standard fire policy, filed with and accepted by the
- 6 commissioner, 7 SECTION 2. S
- SECTION 2. Section 1 of chapter 175C of the General Laws, as so appearing in the 2004 Official Edition, is hereby
- 8 further amended by adding the following definition:-
- 9 "Losses", direct incurred losses, including damage from wind, hail, wind-borne debris, or wind-borne water under
- the separate, stand-alone wind and hail policy, which shall include additional living expenses not to exceed .40
- 11 percent of the insured value of the residential structure or its contents and shall exclude loss adjustment expenses;
- 12 except that "losses" shall not include losses for fair rental value, loss of rent or rental income, or business
- interruption insurance;
- SECTION 3. Section 5 of chapter 175C of the General Laws, as so appearing, in hereby amended by inserting in
- line 73 after the words "175A;" the following:- provided, further, that the association may make separate rate filings
- in accordance with chapter 174A and chapter 175A for the separate, stand-alone residential and commercial
- windstorm and hail policies and said rates must be actuarially sound, and premiums collected from said policies
- shall be accounted for separately by the association; and provided, further, that the commissioner shall, with respect
- 19 to the separate, stand-alone residential and commercial windstorm and hail policies, consider the cost of predicted
- 20 losses by averaging the losses as predicted by a minimum of two of the hurricane prediction modelers measured by
- 21 the market share of the insurers who use their models in Massachusetts and the cost of catastrophe reinsurance
- 22 irrespective of actual purchase of reinsurance.
- 23 SECTION 4. Section 8 of chapter 175C of the General Laws, as so appearing is hereby amended by adding the
- 24 following paragraph:-
- 25 (c) With respect to premiums charged for the stand-alone wind and hail insurance policies, if, upon the occurrence
- of a covered event, it is determined that the funds available are insufficient to pay claims, the commissioner is
- authorized to levy an emergency assessment on each insurance company in an amount in the proportion that the
- premiums earned in the commonwealth during the preceding calendar year by each such company. An insurer shall

collect said assessment at the same time it collects the premium payment for each policy and shall remit the assessment collected to the association as provided in the order issued by the commissioner. The division of insurance shall verify the accurate and timely collection and remittance of emergency assessment. Each insurer collecting assessments shall provide the information with respect to premiums and collections that may be required by the commissioner for verification of compliance with this subsection.